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Meeting of Guatemalan Group
Friday, June 4, 1954

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Present: Holland, Dreier, Atwood, Woodward, Burrows, Leddy, Herron, Wieland, Pearson, Clark

1. Leak to Newsweek - Holland reported that John Leonard of Newsweek had the draft story on our OAS plans and that he had received them from some source in the Department. He asked those present to try to ascertain discreetly who gave the information so that he could have a talk with him. It was noted that it was entirely possible that Leonard got the story from one of the Latin American Ambassadors.

2. Advance Consultations on Convoking the OAS Meeting

(a) Draft Resolution

(1) It was agreed that every effort would be made to have the draft resolution in final shape before the end of the day. Dreier was amending it to take account of suggestions by Muniz, and Holland and he were to meet with Muniz at 3 p.m. today.

(2) It was agreed that Atwood and Burrows would decide to which countries a copy of the draft resolution should be sent and that they should be sent no later than Saturday.

(3) After discussion of the possibility of furnishing the fully documented statement on the Alfhem case to these same countries, it was decided that circular 443 was adequate for the time being.

(b) In view of the continued ambigious position of Figueres, it was agreed that Burrows would get out a special message to Hill by Saturday for another approach to nail Figueres down. Hill was to use a copy of the draft resolution plus circular 443.

(c) Holland asked Burrows to see that the Secretary was informed of the contents of Ambassador White's favorable talk with the Mexican President.

(d) Brazilian Role in Consultation - It had been agreed between Holland and Muniz that the Brazilians would take the initiative in consulting Bolivia, Uruguay, Chile and Paraguay about the OAS meeting, but they had delayed considerably. Holland had told Muniz that in view of the fact that he was informing all of the Latin American Ambassadors of our plans, if our Embassies in those countries were approached they would have to proceed to discuss the matter. In response to Beaulac's telephone call, Holland told him to go ahead; it had been agreed that Sparks would approach the Bolivians by a certain date after his return, which had elapsed; we had replied to McIntosh's inquiry that he go ahead with the Uruguayans. It was decided that we would let Embassy Asuncion wait. Meanwhile, Holland was informed that the Brazilian special emissary to those countries was leaving on Saturday. It was agreed that we would volunteer nothing to Muniz on this situation; in any event we wanted the Brazilians to work for their favorable vote on the resolution.

(e)

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(e) Translations of the brief on Communist penetration in Guatemala, which were to be furnished to the Latin American governments, will be sent out Monday.

3. Publicity and Propaganda

The following points were agreed:

(a) The USIA plans were all set and required only Holland's approval of the propaganda plan.

(b) USIA would be furnished cable distribution.

(c) Any newsmen inquiring about the Guatemalan problem would be referred to Wieland.

(d) Holland confirmed the decision not to give the Guatemalan brief wide public distribution at this time, but he thought this type of question should be referred to him for decision.

(e) USIA was to be furnished a copy of the brief for use in its series.

(f) Wieland and Dreier were to consult on furnishing USIA the background statement on Guatemala prepared for the Caracas Conference.

(g) Leddy was to request CIA to inform its people down the line and in the field missions to work closely with the USIA people who had already been informed.

(h) Clark was to prepare a memorandum for Holland regarding the need to add staff to DPA for servicing USIA.

(i) Wieland and Herron were to make sure that the statement on the UFCO would be made at the Secretary's next press conference on Tuesday.

(j) USIA arrangements for broadcasting the interview with the Colombian officer who had been in Korea was completed.

4. Calling of Meeting

(a) Holland believed that we should call the OAS meeting sometime next week.

(b) Holland thought we should try to set the date for the meeting for June 21 rather than July 1, the main reason being that there were insistent rumors that additional shiploads of arms were headed for Guatemala and we wanted the OAS authority for our actions as soon as possible.

5. Psychological Attack on Guatemala

(a) In response to Peurifoy's query, it was agreed that a message should be sent to him stating (1) that he call a meeting of the American businessmen in Guatemala to suggest that possibly they might want to send some of their families out of the area and (2) that if some of the business families do depart, some of the Embassy families desiring to leave also be sent out.

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The whole purpose of this move would be to create further apprehension by the Guatemalans.

(b) Leddy was to look into the possibilities of having certain companies, such as the General Motors Acceptance Corporation and the Pan American Insurance Company, stop their operations in connection with Guatemala; he was to report results at the next meeting.

(c) Pearson was to explore the possibility of having the Passport Division slow down the issuance of passports to U.S. citizens travelling to Guatemala.

6. Cooperation with West European Countries

(a) In response to the Dutch proposal that they unload all cargo in Panama on condition that all other nations do likewise, it was agreed that we would tell them that this was fine and would they sound out the other countries. Pending obtaining the agreement of other countries, which is extremely unlikely, we are to strongly urge the Dutch not to allow their ships to carry arms to Guatemala. (after check)

(b) Woodward is preparing a reply to the Dutch protest on the Wulfsbrook detention. The Department has also received a bill for $10,000 from the owner. In reply to Conant's query as to whether we would hold ship-owners harmless, it was agreed that we would do so if the search of the ship proved negative. (?)

7. Organization and Presentation of Case

Leddy had been meeting with Dreier on preparing the evidence for the case.

8. Legislation - Holland indicated that Dowie believed that the legislation authorizing the use of our Armed Forces to stop ships was too broad as presently drafted and he didn't believe we could get Congressional approval. It was agreed that Jackson would redraft in more specific phrases, including the idea of ships stopping ships.

9. Denunciation of Guatemalan-U.S. Trade Agreement - (a) Since Holland is using as his major argument with the Latin American Ambassadors the fact that we are not putting economic pressure on Guatemala, we cannot denounce the trade agreement. Leddy will so inform Peurifoy.

(b) It was agreed that Parrons would inform L/E that under the terms of the provision of the Trade Agreements Act, which requires termination of trade concessions to any country dominated by international Communism, we do not consider Guatemala "dominated". Our view is that it is extensively penetrated.

10. Advance Information to American Companies in Guatemala - Holland agreed to talk with the representatives of UFCO, IRCA and the Power and Light Company to give them advance information of our plans. Woodward wished to talk with them regarding possible steps after the OAS has acted.

11. Use of Military Missions in Guatemala - Woodward reported that Hensel wanted to use the military missions vis-a-vis the personnel of the Guatemalan Army to inform them of the extent of Communist penetration in an effort to shape their attitudes against the government. Leddy stated that the CIA project

project on this line started in January had produced no results to date.

12. UFCO Negotiations - In response to Torriello's request that Peurifoy have high level UFCO people come down to negotiate a settlement, it was agreed that the Embassy should tell Torriello to deal directly with UFCO.

13. Pedro Estrada - Estrada is being informed in Miami that Tap Bennett wishes to talk with him while he is in New York. This move is to keep him from coming to Washington.

14. Non-Aggression Pact Between Guatemala and Honduras - Holland asked Leddy to phone Willauer today saying we want him to obtain a negative reply to the Guatemalan proposal as soon as possible.

15. Defense Liaison - It was agreed that Dreier would keep General Ridgway informed of the significant developments, especially while Pawley and Donnelly were not around. The regular channels between State and Defense on this problem would be Holland to Hensel, and Burrows to Col. Holmberg.

NOTE: Additional item under Publicity:

Clark reported that the statement by Mrs. Roosevelt was in process. Holland suggested we try to get a statement from Ralph Bunche. Similarly, he wished a strong follow-up to obtain the Vatican statement, though it was pointed out that we should not press this until the middle of next week.

APA:HPearson:vss